



Susan Montee, CPA
Missouri State Auditor

Office of State Treasurer

Period July 1, 2008
Through
January 12, 2009



March 2009

Report No. 2009-28

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Office of the
Missouri State Auditor
Susan Montee, CPA

March 2009

The following report is our audit of the Office of the State Treasurer.

On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the State of Missouri. Her term as State Treasurer expired in January 2009. On January 12, 2009, Clint Zweifel was inaugurated as the forty-fifth Treasurer of the state of Missouri.

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds, determine the amount of state monies not needed for current operating expenses, and invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

We had no findings on the Office of State Treasurer.

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YELLOW SHEET

OFFICE OF STATE TREASURER

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Sarah Steelman
and
Honorable Clint Zweifel, State Treasurer
Jefferson City, Missouri

We have audited the Office of State Treasurer. The scope of our audit included, but was not necessarily limited to, the period of July 1, 2008 through January 12, 2009. The objectives of our audit were to:

1. Determine if the office has adequate internal controls over significant management and financial functions.
2. Determine if the office has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; inspection of capital assets; analysis of comparative data obtained from external and/or internal sources; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such

an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in our audit of the office.

No findings resulted from our audit of the Office of State Treasurer.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Douglas Porting, CPA, CFE
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Christina Davis
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HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF STATE TREASURER HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest-bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U.S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

The accounting and banking services area 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds, 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances, 3) controls receipt of state monies collected by state agencies and deposited in local banks throughout the state, 4) reconciles bank activity to receipt and disbursement activity reflected on the state books, 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks, and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker's acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for 1) ensuring unclaimed property is reported, 2) receiving and recording reports of unclaimed property, 3) depositing unclaimed funds to the Abandoned Fund Account Fund, 4) maintaining custody and safekeeping of abandoned or unclaimed physical property, and 5) processing owner claims for abandoned funds or physical property.

Sarah Steelman became Missouri's forty-fourth State Treasurer when she took the oath of office on January 10, 2005. Her term expired in January 2009. On January 12, 2009, Clint Zweifel was inaugurated as the forty-fifth Treasurer of the state of Missouri.

As of January 12, 2009, the office had 40 full-time positions and 6 part-time positions to assist in the accomplishment of its mission.

Appendix A

OFFICE OF STATE TREASURER
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
PERIOD JULY 1, 2008 THROUGH JANUARY 12, 2009

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Uncommitted Appropriations</u>
GENERAL REVENUE FUND				
Issuing duplicate/outlawed checks	\$ 1,500,000	1,222,054	0	277,946
Refunds of excess interest from the linked deposit program	750	352	0	398
Total General Revenue Fund	<u>1,500,750</u>	<u>1,222,406</u>	<u>0</u>	<u>278,344</u>
TREASURER'S GENERAL OPERATIONS FUND				
Personal service	1,553,365	811,247	22,097	720,021
Expense and equipment	270,655	97,062	34,506	139,087
Treasurer state owned building	231,699	113,563	113,562	4,574
Total Treasurer's General Operations Fund	<u>2,055,719</u>	<u>1,021,872</u>	<u>170,165</u>	<u>863,682</u>
TREASURER'S INFORMATION FUND				
Expense and equipment	8,000	720	10	7,270
Total Treasurer's Information Fund	<u>8,000</u>	<u>720</u>	<u>10</u>	<u>7,270</u>
CENTRAL CHECK MAILING SERVICE REVOLVING FUND				
Personal service	22,978	12,201	0	10,777
Expense and equipment	225,000	55,862	0	169,138
Total Central Check Mailing Service Revolving Fund	<u>247,978</u>	<u>68,063</u>	<u>0</u>	<u>179,915</u>
SECOND INJURY FUND				
Personal service	41,789	30,229	2,725	8,835
Expense and equipment	3,280	1,178	118	1,984
Total Second Injury Fund	<u>45,069</u>	<u>31,407</u>	<u>2,843</u>	<u>10,819</u>
ABANDONED FUND ACCOUNT FUND				
Personal service	517,401	287,483	0	229,918
Expense and equipment	98,600	26,522	5,556	66,522
Advertising and auctions	225,000	57,663	8,853	158,484
Payment of claims for abandoned property	22,500,000	14,397,054	0	8,102,946
Total Abandoned Fund Account Fund	<u>23,341,001</u>	<u>14,768,722</u>	<u>14,409</u>	<u>8,557,870</u>
Total All Funds	<u>\$ 27,198,517</u>	<u>17,113,190</u>	<u>187,427</u>	<u>9,897,900</u>

Appendix B

OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
PERIOD JULY 1, 2008 THROUGH JANUARY 12, 2009

	Furniture and Equipment	Motor Vehicles	Total General Capital Assets
Balance, June 30, 2008	\$ 859,157	16,582	875,739
Additions	38,777	0	38,777
Dispositions	0	0	0
Balance, January 12, 2009	\$ 897,934	16,582	914,516

Fund of Acquisition	Balance January 12, 2009
General Revenue Fund	\$ 568,730
Treasurer's General Operations Fund	248,500
Central Check Mailing Service Revolving Fund	42,877
Second Injury Fund	2,093
Abandoned Fund Account Fund	50,617
Treasurer's Information Fund	1,699
Total All Funds	\$ 914,516